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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 002786

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [KPAL](#) [TU](#) [IS](#)
SUBJECT: PRESIDENT PERES TALKS POLITICS, REGIONAL ISSUES
WITH DEPUTY SECRETARY NEGROPONTE

Classified By: Ambassador James B. Cunningham for reasons 1.4 (B/D).

11. (C) SUMMARY: The Deputy Secretary and the Ambassador met with Israeli President Shimon Peres on December 9 to discuss upcoming Israeli elections, the peace process with the Palestinians, and other regional developments. Peres predicted that there would not be dramatic policy shifts following Israeli elections in February. He also explained that Israel soon would need to decide on what land it ultimately would cede to a Palestinian state, and noted that the Ariel settlement bloc would pose special problems. He then suggested that Israel eventually could retain Jewish neighborhoods in Jerusalem and allow the Palestinians to obtain control of Arab neighborhoods, while allowing each control over their respective holy sites. Peres discussed ways to improve Israeli security, highlighting the importance of cooperation with Jordan and also economic development projects that would encourage peaceful coexistence. Peres briefly spoke on Iran, emphasizing the importance of avoiding divisions in policy among western powers. He also praised Turkey's Islamic-oriented government for their constructive regional engagement. End Summary.

EXPECTING SOME CONTINUITY IN POLICY FOLLOWING ELECTIONS

12. (SBU) Peres described the political situation in Israel as fluid, but he expected a semblance of continuity rather than profound changes following the elections scheduled to take place on February 10, 2009. He based his viewpoint on his belief that the composition of the major parties has changed, and that the meaning of "left" and "right" on the political spectrum in Israel has evolved, noting that "(Prime Minister) Olmert is now to the left of the left."

KEY DECISIONS FOR THE NEXT LEADER: LAND, JERUSALEM, SECURITY

13. (C) Peres explained to Negroponte that Israel faces three critical decisions with regard to the Palestinians. First, the Israelis will have to determine what will be the "form" of the land that will go to the Palestinians. Peres said that it was "unfair" to ask the Palestinians for any additional land, but said that the two sides needed to make changes to the 1967 borders, including land swaps, that would allow Israel to retain concentrated settlement blocs and the Palestinians to have a contiguous state. Peres highlighted the Ariel settlement bloc as the biggest obstacle in this regard.

14. (C) The second important decision Israeli leaders face is what to do about Jerusalem. Peres proposed that Israel should retain the neighborhoods with clear Jewish majorities while leaving those with clear Arab majorities to the Palestinians. He then suggested that Israel would retain control of Jewish holy sites, while Muslims would take over key Islamic sites. Peres left open what to do about some of

the thornier issues, including the disposition of neighborhoods with mixed populations and possible Jordanian claims to Islamic holy sites in Jerusalem.

15. (C) The third key decision facing Israel is how to handle security. Peres suggested working more closely with Jordanian security and intelligence services-which he praised-as well as Palestinians forces. Peres, however, put more emphasis on indirectly solving Israeli security problems in the long-term by increasing economic development and cooperation with the Palestinians so that their increased living standards would encourage peaceful coexistence. He spoke of open skies, open roads, and joint economic programs, along with changes in neighboring Arab countries that would provide greater gender equality and reduce family size. The private sector can lead in increasing development, but it needs ideas. Peres was quick to suggest the Red Sea-Dead Sea development plan that he has promoted for several years, which entails investment in projects all along the corridor, primarily focused on tourism.

A UNITED FRONT NEEDED AGAINST IRAN

16. (C) Peres told the Deputy Secretary that having a common policy against Iran was important. Iran has problems - corruption, inflation, reduced oil revenues - that a united West can exploit. He noted that Iran continues to use Russia to further its own interests, so he suggested attempting to reach an agreement with Moscow that would limit the size of missiles that Iran could maintain so that Teheran would be

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without the means to deliver a nuclear warhead.

PRAISE FOR TURKEY

17. (C) Peres also provided his views on Turkey. He believes that Turkey serves as a good model for other Islamic countries, pointing out that Ataturk helped create a middle class that was receptive to democracy and a nationalist, not religious, identity. He praised the current religiously-oriented government in Ankara for working more constructively with Iraq and the Kurds, fostering a path toward Israeli and Syrian peace talks, and for reaching out to Armenia. Peres explained that Turkish accession to the European Union would further democratize Turkey, and warned that a rejection would unite Islamists and nationalists there in opposition to the West.

18. (U) The Deputy Secretary's party cleared this cable.

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